

For Immediate Release

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Statutory PAYGO bill requires Congress to pay for increased spending to ensure future investments in America's priorities can be funded

Washington, DC - Today, Representative Sires joined his colleagues in passing H.R. 2920, the Statutory Pay-As-You-Go Act of 2009. It passed by a vote of 265 to 166 and is now awaiting action in the Senate.

The legislation requires Congress to offset the costs of tax cuts or increases in entitlement spending with savings elsewhere in the federal budget. However, programs that assist low-income Americans would be protected from cuts, as would changes to Social Security and Medicare. Additionally, needed tax relief for middle class taxpayers would also be exempt from Pay-As-You-Go rules. Namely, changes to the Alternative Minimum Tax, extensions of the child tax credit, marriage penalty relief, and the current estate tax exemption and rate would be exempt from offsets.

"Until 2002, when the requirement was allowed to expire, Congress had to pay for its actions, and that discipline led us to balanced budgets and even surpluses," said Sires. "By restoring the 'pay-as-you-go' principle into law, we are returning to the basic rule that guides every family budget: you don't spend a dollar you don't have."

If the net effect of all legislation enacted during a session of Congress increased the deficit because Congress had not succeeded in paying for all the new costs that it has enacted, there would be an across-the-board reduction in certain mandatory programs.

"Paying for our actions makes good sense," said Sires. "We have focused our efforts to date on turning around the economy and helping families make ends meet. Now we must return to our own finances, and make sure we eliminate deficit spending and return to balanced budgets."

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